

Scope and Applicability of the AI Act

Who and what the Act applies to

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1. Introduction to the EU AI Act — Foundation, Purpose, Scope, Timeline

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Understanding the Reach of the EU AI Act

The Artificial Intelligence Act (AI Act) is not merely a piece of technical regulation—it is a sweeping legal framework that sets out to govern the deployment of AI technologies within the European Union. As one of the first of its kind, it casts a wide net in determining who and what it applies to. Understanding its scope is essential for anyone involved in developing, distributing, or using AI systems in, or in connection with, the EU market.

The Act's design reflects the EU's intention to provide robust protections without stifling innovation. It outlines a multi-layered scope of applicability—geographical, material, and personal—ensuring that the regulation is both far-reaching and precisely targeted. Whether you are a startup based in Berlin, a research institution in Paris, or a global tech provider in San Francisco offering AI services to EU clients, the AI Act may apply to your work.



Territorial Scope: Beyond Borders

One of the most notable features of the AI Act is its extraterritorial application. Like the GDPR before it, the AI Act extends its legal influence far beyond EU borders. Any organization, regardless of where it is established, must comply with the Act if it provides AI systems that are used within the EU or if the system's outputs affect individuals in the EU.

This means that non-EU companies—whether offering AI tools to European customers or deploying AI models that process data from EU residents—fall within the Act's jurisdiction. The approach ensures a high level of protection for individuals in the EU, regardless of where the AI is built or operated. It also levels the playing field for EU-based developers who are already subject to EU law.

In practical terms, the Act applies to three main scenarios:

- When an AI system is placed on the EU market
- When an AI system is put into service in the EU
- When the output of an AI system affects individuals in the EU

This territorial breadth underscores the EU's commitment to regulating AI in a globalized technological ecosystem.

Material Scope: What Counts as an AI System?

The AI Act adopts a broad and flexible definition of what constitutes an “AI system.” Rather than focusing on specific techniques or technologies, it describes AI as software developed using approaches such as machine learning, logic- and knowledge-based systems, and statistical methods. This expansive framing is designed to remain relevant as new forms of AI emerge.

Importantly, the Act is not limited to sophisticated or experimental technologies. It also applies to widely used applications, from automated credit scoring systems to facial recognition software, and from chatbots to predictive maintenance tools. If the software performs tasks that would typically require human intelligence—such as analyzing data, making decisions, or interacting with users—it likely falls under the scope of the Act.

The Act covers AI systems that are:

- Placed on the market or put into service for use within the EU
- Used by public or private actors, including businesses, authorities, and institutions
- Integrated into products governed by existing EU product safety legislation (such as machinery, medical devices, or vehicles)

This comprehensive material scope ensures that the regulation remains technologically neutral and future-proof, capable of adapting to the evolving AI landscape.

Actors and Responsibilities

The AI Act assigns distinct responsibilities to different actors involved in the AI lifecycle. These roles are defined to ensure accountability at every stage, from development to deployment.



Providers—those who develop or place an AI system on the market—bear the greatest responsibility. They must ensure that their systems meet all legal requirements before being released. This includes conducting conformity assessments, managing risks, and providing clear documentation.

Deployers, or users of AI systems, also carry obligations, especially when using high-risk systems. They must operate AI in accordance with instructions, monitor system performance, and ensure appropriate human oversight where required.

Importers and distributors—those who bring AI systems into the EU or resell them—are responsible for ensuring that the systems they handle are compliant and correctly labeled. In some cases, they may need to take corrective action if a product is found to be non-compliant.

In addition, the Act provides for **authorized representatives** who act on behalf of providers not based in the EU. These representatives ensure that obligations are met and serve as a point of contact for authorities.

By clearly delineating responsibilities, the Act establishes a shared framework of accountability that spans the entire AI value chain.

Exceptions and Special Cases

While the AI Act is broad in scope, it does not apply to all AI systems in all contexts. Several important exceptions are built into the regulation to ensure balance and avoid overreach.

Systems used exclusively for **military purposes** are fully excluded. These fall outside the EU's legislative competence and are subject to separate defense and security frameworks. The same applies to AI systems developed or used solely for **scientific research and innovation**, provided they are not placed on the market or used in a commercial context.

Another exception relates to AI used by **public authorities in third countries** as part of international cooperation on criminal justice or law enforcement. These cases are addressed through separate agreements and do not fall under the AI Act.

The Act also contains provisions relating to **open-source AI software**. While open-source systems are not automatically exempt, the regulation seeks to avoid placing undue burdens on developers who freely share their code for non-commercial use. However, if open-source AI is integrated into high-risk systems or used in commercial applications, it may still be subject to regulation.

These carve-outs aim to preserve academic freedom, promote innovation, and respect international jurisdictional boundaries.

Product Integration and Overlapping Regulations

The AI Act is designed to complement, not replace, existing EU product legislation. In cases where AI systems are embedded in products covered by sector-specific regulations—such as medical devices, automobiles, or machinery—the AI-related provisions of the Act apply alongside other safety and performance standards.

This dual-layer approach ensures that AI systems embedded in physical products meet both general safety requirements and AI-specific obligations. For example, a smart medical imaging device would need to comply with both the Medical Devices Regulation and the AI Act's requirements for high-risk systems.



This integration underscores the Act's intention to create coherence across the EU's regulatory landscape and avoid duplication or conflict between different legal instruments.

Why Scope Matters

The scope and applicability of the AI Act are not mere legal formalities—they define the regulation's entire operational impact. By specifying who must comply, under what conditions, and for which types of systems, the Act provides crucial clarity to industry, public authorities, and citizens alike.

This clarity is especially important in the context of emerging technology, where rapid innovation often outpaces legal interpretation. By drawing clear boundaries and responsibilities, the AI Act lays the groundwork for predictable and trustworthy AI governance.

As implementation proceeds, businesses and institutions will need to carefully assess whether their AI systems fall within the scope of the regulation. For many, this will mean taking proactive steps to ensure compliance—not only to meet legal obligations but also to earn the trust of users, regulators, and the broader public.

Conclusion

The EU AI Act casts a deliberately wide and structured net to ensure that AI systems used in Europe are safe, fair, and accountable. Its territorial and material scope, combined with clearly defined responsibilities for different actors, reflects a sophisticated approach to regulating a complex and evolving field.

While certain exclusions exist to protect research and defense interests, most AI providers and users operating in or interacting with the EU market will find themselves subject to the Act's requirements. Understanding the scope is therefore not just a legal necessity—it is a strategic imperative for anyone building or deploying AI in the years to come.



Glossary

Act or EU AI Act: European Union Artificial Intelligence Act

AI: Artificial Intelligence

Board: European Union Artificial Intelligence Board

EU: European Union

SME: Small and Medium-Sized Enterprise

How can we help?



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At AI & Partners, we’re here to help you navigate the complexities of the EU AI Act, so you can focus on what matters—using AI to grow your business. We specialize in guiding companies through compliance with tailored solutions that fit your needs. Why us? Because we combine deep AI expertise with practical, actionable strategies to ensure you stay compliant and responsible, without losing sight of your goals. With our support, you get AI you can trust—safe, accountable, and aligned with the law.

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